

**IN THE U.S. DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

SECURITIES AND EXCHANGE	:	
COMMISSION,	:	
	:	
Applicant,	:	
	:	
V.	:	Case No.
	:	
JOHN N. MATSON and SOUTH	:	
BAY ACQUISITIONS, LLC,	:	
	:	
Respondents.	:	

**SECURITIES AND EXCHANGE COMMISSION’S
APPLICATION FOR AN ORDER TO SHOW CAUSE AND
FOR AN ORDER REQUIRING OBEDIENCE TO SUBPOENA**

The Securities and Exchange Commission (“Commission”), respectfully submits this Application for an Order to Show Cause and for an Order Requiring Obedience to Subpoena (“Application”), and together with the accompanying Memorandum in Support of Application and Declaration of Commission Senior Counsel Kyle Bradley and the Exhibits thereto, shows the following:

1. Respondents John N. Matson (“Matson”) and South Bay Acquisitions, LLC (“South Bay”) have refused to comply with Commission-issued investigative subpoenas requiring each of them to produce documents, and requiring Matson to

appear for testimony, in connection with the Commission's on-going investigation entitled *In the Matter of South Bay Acquisitions, LLC*, (Internal File No. A-04043) (the "South Bay Investigation").

2. The Commission is investigating whether Matson and/or South Bay may have violated the antifraud and registration provisions of the federal securities laws by, among other things, offering unregistered securities to the public, advising advisory clients to invest in entities subject to a conflict of interest without sufficient disclosure and/or misappropriating investor funds. As demonstrated in the Commission's Memorandum in Support and the Bradley Declaration, the documents and testimony sought by the subpoenas issued to Respondents are relevant to these issues.

3. By way of background, Respondent South Bay is a California limited liability company that appears to have issued securities in the form of promissory notes. Until recently, Respondent Matson worked in the securities industry and, during that tenure, appears to have counseled clients to invest in South Bay's promissory notes. Information gathered by the Commission suggests that Matson and South Bay's owner/operator are married.

4. Some of Matson's clients have complained that the interest payments on the promissory notes have stopped without explanation. It is also unclear what

disclosure Matson made regarding his connection to South Bay when he advised his clients to invest. The Commission is also concerned that some investor funds may have been transferred to personal accounts controlled by Matson and/or his wife and misappropriated.

5. On December 21, 2022, Commission staff served separate subpoenas on Matson and South Bay. The subpoena to Matson called for documents and testimony, while the subpoena to South Bay called only for documents. Neither party responded.

6. The staff subsequently served another subpoena on Matson on January 25, 2023, again calling for the production of documents and requiring Matson to appear for investigative testimony. Despite communicating the Commission staff by phone and email, Matson did not produce any documents or appear for testimony.

7. On March 9, 2023, the staff served another subpoena on South Bay seeking a revised set of documents. South Bay did not respond.

8. Neither Matson nor South Bay have complied with any portion of the subpoenas.

9. Accordingly, the Commission hereby submits this Application for an Order to Show Cause, in the form attached, requiring Respondents Matson and

South Bay to show cause why they should not be ordered to produce documents and why Matson should not be required to appear for testimony before the Commission staff.

10. The Commission further requests that, unless just cause is demonstrated, the Court enter an Order requiring Respondents Matson and South Bay to obey the subpoenas.

WHEREFORE, the Commission respectfully requests:

I.

That the Court enter an Order to Show Cause, directing Respondents to show cause why this Court should not enter an Order requiring the production of the requested documents and Matson's appearance for testimony.

II.

That unless good cause for their failure to comply is shown, the Court enter an Order requiring Respondents to comply fully with the subpoenas.

III.

That the Court order such other and further relief as may be necessary and appropriate to achieve compliance with the subpoenas.

This 1st day of May, 2023.

Respectfully submitted,

/s/W. Shawn Murnahan

W. Shawn Murnahan
Senior Trial Counsel
Georgia Bar No. 529940
murnahanw@sec.gov

M. Graham Loomis
Regional Trial Counsel
Georgia Bar No. 457868
loomism@sec.gov

Attorneys for Plaintiff
Securities and Exchange Commission
950 East Paces Ferry Road, NE, Suite 900
Atlanta, GA 30326
Tel: (404) 842-7616
Fax: (703) 813-9364

LOCAL RULE 7.1 CERTIFICATION

I hereby certify that the foregoing was prepared in accordance with font and point selections approved by the Court in Local Rule 5.1B.

This 1st day of May, 2023.

/s/ W. Shawn Murnahan
W. Shawn Murnahan

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document by filing it with the Clerk of Court using the CM/ECF system. That filing system will automatically send e-mail notification of such filing to the registered counsel of record.

This 1st day of May, 2023.

/s/W. Shawn Murnahan
W. Shawn Murnahan